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Jeremy O. Preiss
Vice President
Chief International Trade Counsel

December 12, 2005

Honorable Franklin L. Lavin
Under Secretary for International Trade
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Under Secretary Lavin:

As a significant U.S. investor in Ukraine, United Technologies Corporation (UTC)¹ strongly supports the Government of Ukraine's request that the U.S. Department of Commerce designate Ukraine a "market economy" for purposes of U.S. antidumping law. Such a designation would recognize the significant and continuing progress Ukraine has made toward developing a market-oriented economy.

UTC has been a relatively long-term investor in Ukraine, first investing in the country in 1992 when Otis founded Otis-ZAT. Investments by UTC's Pratt & Whitney and Otis divisions generate tens of millions of dollars in revenue annually and employ over 1,300 people. In addition, UTC's Carrier and Kidde units are enjoying increasing success in selling air conditioning, refrigeration and fire protection equipment in Ukraine.

One of the statutory factors the Commerce Department must weigh in determining whether a country merits recognition as a market economy is the country's receptivity to foreign direct investment and joint ventures. UTC's positive experience underscores that Ukraine welcomes foreign investment without significant restriction. Moreover, in recent years Ukraine has made the business climate even more hospitable to foreign investors by addressing, among other issues, customs clearance and tax inspection problems.

Ukraine also fares well on other factors the Commerce Department uses to assess whether an economy is sufficiently market-oriented to warrant designation as a market economy. For example, UTC's divisions are able to convert the Hryvnia freely to other currencies

¹ United Technologies Corporation ("UTC"), a Hartford, Connecticut-based company, had over \$37 billion in revenue in 2004 and provides a broad range of high technology products and support services to aerospace and building systems industries. Those products include Pratt & Whitney aircraft engines and space propulsion systems; Sikorsky helicopters; Hamilton Sundstrand aerospace and industrial products; Otis elevators, escalators and people movers; Carrier heating, air conditioning and refrigeration; Chubb and Kidde fire and security services; and UTC Power energy systems.

without much limitation. They also are able to negotiate, without government intervention or undue regulation, the wages for labor as well as control the prices they charge for goods and services. In short, Ukraine's economy is already largely market-based, and the political and economic trends suggest its market-oriented economic reform is accelerating.

Ukraine's achievements in constructing a market-driven economy have not gone unnoticed by other foreign governments. Recently, the European Union recognized Ukraine as a market economy. For the reasons outlined above, UTC believes the Commerce Department should promptly follow suit and designate Ukraine a market economy under U.S. antidumping law.

I hope this letter is useful to the Commerce Department as it analyzes whether to grant Ukraine's request for market economy status. If you or your staff should have any questions about this letter or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. O. Preiss', with a stylized flourish at the end.

Jeremy O. Preiss